

ECONOMIC OUTLOOK THE UNIVERSITY OF ARIZONA

2007

2008

ECONOMIC
AND BUSINESS
RESEARCH
CENTER

ELLER COLLEGE
OF MANAGEMENT

ANNUAL FORECAST

Eller COLLEGE OF
MANAGEMENT
THE UNIVERSITY OF ARIZONA®

To our Sponsors

The Forecasting Project would like to acknowledge and thank our sponsors for their participation in the forecasting endeavor. Current sponsors include:

ARIZONA DEPARTMENT OF COMMERCE
 ARIZONA JOINT LEGISLATIVE BUDGET COMMITTEE
 ARIZONA PUBLIC SERVICE COMPANY
 BANK OF THE WEST
 BEACH, FLEISCHMAN & Co.
 CB RICHARD ELLIS
 CENTRAL ARIZONA ASSOCIATION OF GOVERNMENTS
 CHASE
 CITY OF GLENDALE
 CITY OF MESA
 CITY OF TEMPE
 CITY OF TUCSON
 COMPASS BANK
 ELLIOTT D. POLLACK AND COMPANY
 KB HOME
 LIPPOW DEVELOPMENT COMPANY
 MARICOPA ASSOCIATION OF GOVERNMENTS
 PASCUA YAQUI TRIBE
 PIMA ASSOCIATION OF GOVERNMENTS
 PIMA COUNTY
 REALTY EXECUTIVES SOUTHERN ARIZONA
 SALT RIVER PROJECT
 TUCSON ELECTRIC POWER COMPANY
 TUCSON REGIONAL ECONOMIC OPPORTUNITIES, INC. (TREO)

Marshall J. Vest, Director
 UA Forecasting Project
 Eller College of Management
 McClelland Hall 103
 P.O. Box 210108
 Tucson, Arizona 85721-0108
 (520) 621-4075
 email: mvest@eller.arizona.edu

The Forecasting Project provides a comprehensive examination of business conditions four times per year. Forecast results are presented quarterly at round table sessions and in a detailed and comprehensive written report. Sponsors are provided access to the forecasting models and supporting data in AREMOS databanks. AREMOS is a product of Global Insight, a national leader in economic consulting and forecasting. The Forecasting Project also provides consulting on issues related to corporate economics and forecasting.

Sponsors use this information to keep abreast of economic developments, to drive marketing plans, to plan for equipment to meet customer demands, to answer questions from the investment community and press, and to brief company policy makers. They use our forecasts to drive internal company models, project government revenues, and as a validity check of their own forecasting efforts.

Companies and organizations desiring more information about becoming a sponsor are invited to contact Marshall Vest.

2007 | 2008 OUTLOOK

Forecasts Vary Widely About What Lies Ahead

As 2006 comes to a close, indicators related to the economy's performance are mixed, and forecasts vary widely about what lies ahead. Arizona's economy is showing remarkable resilience even as the anticipated correction in housing advances. Labor markets, wages and incomes, and population growth still look solid. Worrisome, however, is the fact that housing is now retreating from lofty levels, and consumer spending is no longer growing as the stimulus from housing rapidly evaporates. History is likely to repeat and housing will lead the rest of the economy to lower ground in coming months. We continue to forecast significantly slower growth in 2007 as construction becomes a major drag. Keys to whether the slowdown turns into a recession are how long it takes for housing to return to "normal" and whether consumers will be able to continue spending as incomes weaken and the value of their homes stops increasing.

Our forecast from one year ago called for a significant slowdown in growth during the second half of 2006 as consumers pulled back and housing markets retreated. The nation's economy has followed this script rather closely. After growing at a 3.2% annual rate in 2005, the nation's output rose by only 1.6% in the third quarter and likely will turn in a sub-2% showing in the final quarter. The drag from the housing downturn is subtracting an estimated 1.2% percentage points from GDP growth. For all of 2007, growth is likely to remain in the 2-2.5% range and well below potential.

In Arizona, housing markets are rapidly losing ground as they return to "normal". The fall in building activity and sales is beginning to spill over into other sectors but so far damage has been limited.

The most visible signs of slowing can be seen in retail sales totals, which ceased growing last spring and are now declining slightly. The last time sales declined was during the 2001 recession.

The state no longer tabulates sales by category, but the retrenchment is most likely explained by weakening sales at hardware stores, home improvement centers, furniture stores, and new car dealers. Now that the consumer's largest asset, their home, is no longer increasing in value, they may be less willing (or able) to spend as freely. On a positive note, the recent decline in gasoline prices will help support spending through the holidays. We expect

retail sales to grow by 4.5-5.0% in 2007 following gains of 8.5% and 13.4% in the prior two years.

A slowdown in restaurant and bar sales also is evident. Spending slowed during the summer months, suggesting that either we're not eating out as often or tourism is tapering off. Support for the latter is seen in airline passenger traffic. Neither Tucson International nor Sky Harbor airport has experienced growth in 2006.

Plenty of Momentum Remains

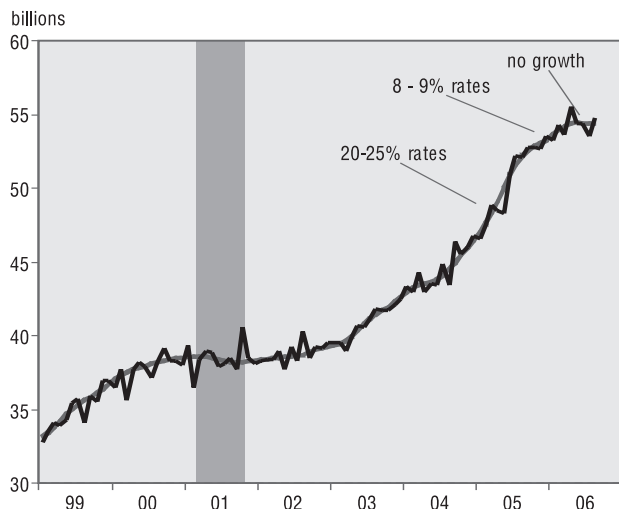
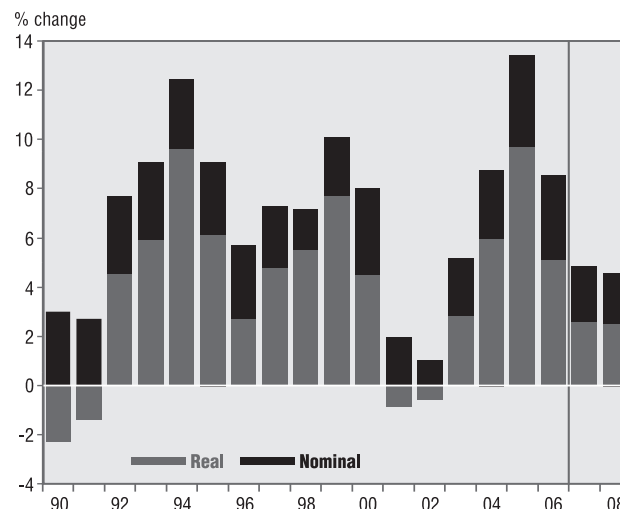
Effects of the slowdown have yet to appear in recent data on population flows, incomes, wages and jobs, which remain remarkably strong. Unfortunately, lags in data reporting, measurement issues, and how analysts look at recent changes cloud interpretation of these measures.

The latter is particularly important. Regional analysts typically compare current data to a year ago. The advantage is that this measure automatically adjusts for seasonality (unlike national data, most state level data is not seasonally adjusted). The disadvantage is that a calculation over a 12-month span is not very current. (It won't reveal a turning point until six months after the turn!) The solution is to seasonally adjust the data and compare to the prior period (and deal with any additional noise using short moving averages).

As best anyone can measure,

Our forecast from one year ago called for a significant slowdown in growth during the second half of 2006 as consumers pulled back and housing markets retreated. The nation's economy has followed this script rather closely.

population statewide continues to grow by 200,000-plus each year (an increase of 3.4%). Metro Tucson reached a milestone in late 2006 as population surpassed the magic one million mark. Some slowing in recent months is evident in the number of new electric utility customers (our best real-time indicator of household formation), but the numbers remain at a high level. Population growth is key to our forecast and to the length of time needed for housing markets to correct. We expect population growth to remain at high levels, similar to the experience of 2001.

EXHIBIT 1 | Consumer Spending is Slowing*Retail Sales, Arizona**(seasonally adjusted annual rate)***EXHIBIT 2 | But Will Continue to Increase***Retail Sales, Arizona*

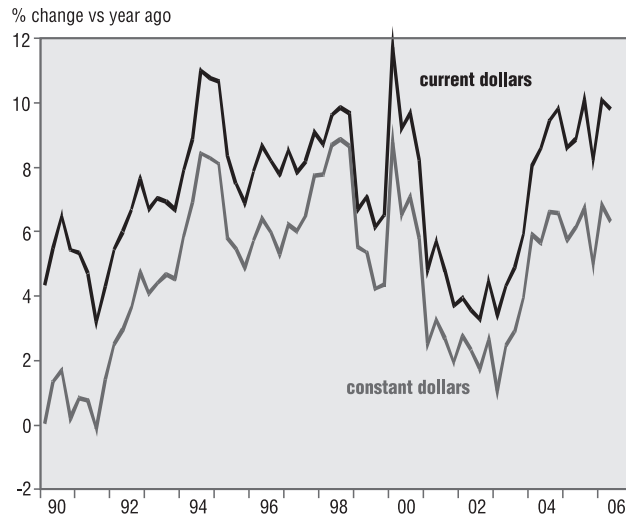
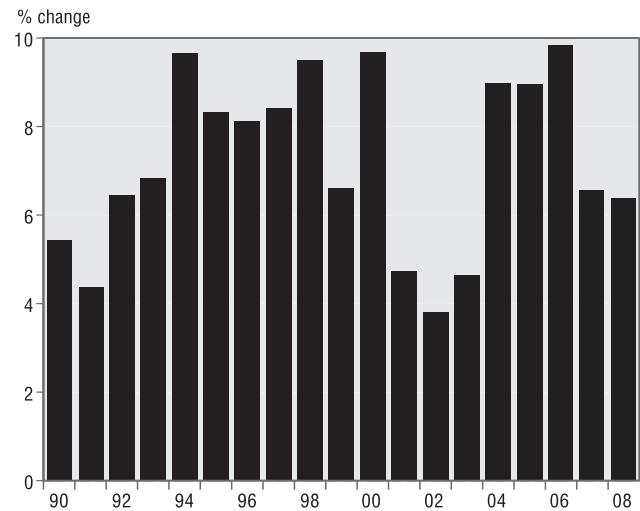
Arizona personal income grew at an 8.2% seasonally adjusted annual rate in the second quarter. That follows a surge of 15% in the first quarter, which was boosted by large year-end-2005 bonuses. Compared to one year earlier, second quarter personal income was up nearly 10% (the biggest gain in six years). Wage and salary disbursements, which account for two-thirds of the total, grew at a 9.3% annual rate, while proprietors income increased by a meager 2.7%. Because of the volatility in recent reporting periods and the preliminary nature of these estimates, it's impossible to judge the strength of income growth. We expect that as commission incomes fall in real estate-related jobs and as jobs are cut in construction and real estate-related sectors, personal

income will slow significantly. From a very strong advance of 9.8% in 2006, look for gains in the neighborhood of 6.5% in 2007 and the following year. With population growth of 3.3% and consumer prices increases at 2.4%, that still leaves positive per capita real personal income growth.

Average wages accelerated during the past two years, and with data through the 1Q2006, wages statewide increased by 6.1% during the past year to \$39,800. The data is from the QCEW that is based on unemployment insurance reports filed by employers. The strong increase helps explain why consumer confidence remains high. We expect wage increases to moderate during 2007, dropping back to 3.5% or so.

So far, nonfarm payrolls show little slowing. Compared to a year ago, employment statewide has grown by 4.7% through October. That gives Arizona the distinction of having the fastest job growth in the country. When seasonally adjusted annual rates are used, the rate of growth during recent months registers 4.7% as well. That's only slightly slower than the 5.1% increase for all of 2005.

It's possible that reported data from the CES program (which is based on a very small sample of employers) is being overstated. This often happens during cycle downturns leading to downward revisions. However, comparisons of published numbers to the QCEW estimates are very close through 1Q2006, suggesting little revision

EXHIBIT 3 | Aggregate Income Still Strong*Personal Income Growth, Arizona***EXHIBIT 4 | But Will Moderate***Personal Income Growth, Arizona*

when the estimates are re-benchmarked next spring.

The industry responsible for the most new jobs is (surprise!) construction. During the past year construction has accounted for 21% of all new jobs created, although representing only 9% of total jobs. (Normally, 6% are in construction.) Here again, there is little sign of slowing so far.

Although nonresidential construction remains robust, the preponderance of construction workers is employed on residential projects ("stick-built" houses are much more labor intensive). As builder backlogs disappear, workforce reductions will become commonplace.

All measures considered, the Arizona economy still has plenty of

momentum going into the New Year. Other than the sales data, it's still too early to see the effects of the correction taking place in real estate. Those should become visible in the very near future.

Will the Real Estate Retrenchment Drag the Economy into Recession?

Over the past 35 years, the real estate sector (as measured by construction employment) has turned down four times. Each time, the downturn has occurred prior to the beginning of recessionary periods. The shaded boxes in the sixth graph are officially recognized periods of nationwide recession.

During these periods, overall job creation in Arizona (as measured by nonfarm jobs) has slowed to near

zero. That is, during national recessions, Arizona's job machine simply stops creating jobs. Aggregate employment does not

The industry responsible for

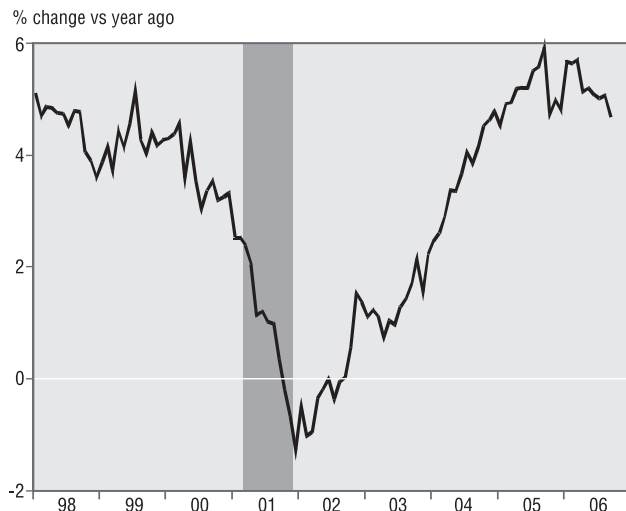
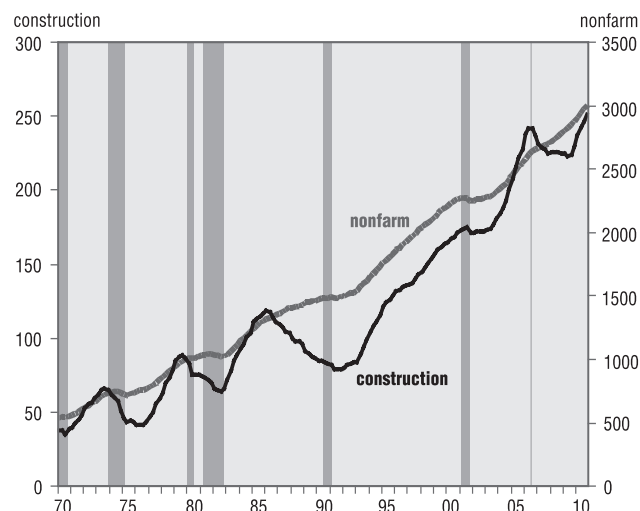
the most new jobs is

(surprise!) construction.

During the past year

construction has accounted for

21% of all new jobs created.

EXHIBIT 5 | Job Growth is Still Robust*Nonfarm Employment Growth, Arizona***EXHIBIT 6 | When Building Activity Declines the Economy Slows***Construction and Nonfarm Employment, Arizona
000s (seasonally adjusted)*

shrink. During the late 1980s, real estate suffered its worst setback ever. The industry suffered five years of contraction during which real estate prices plummeted, the state's monstrous savings and loan industry vanished, and most real estate developers and builders were forced into bankruptcy. Even so, Arizona's overall economy continued to grow until the national recession, which was short and mild, finally arrived in 1990. In 1991, Arizona's workforce stopped growing, but it did not contract.

Construction employment will soon peak and move lower, but strong nonresidential building will limit the downside. Hotels, offices, industrial and retail construction have experienced double-digit gains during the past year. A rather

modest 20,000 jobs or so will likely be lost during 2007, which will do little more than alleviate the skilled labor shortage plaguing the industry. These losses are insufficient to bring the economy to a standstill, and overall nonfarm jobs will continue to grow, albeit more slowly.

How Long Will the Real Estate Correction Last?

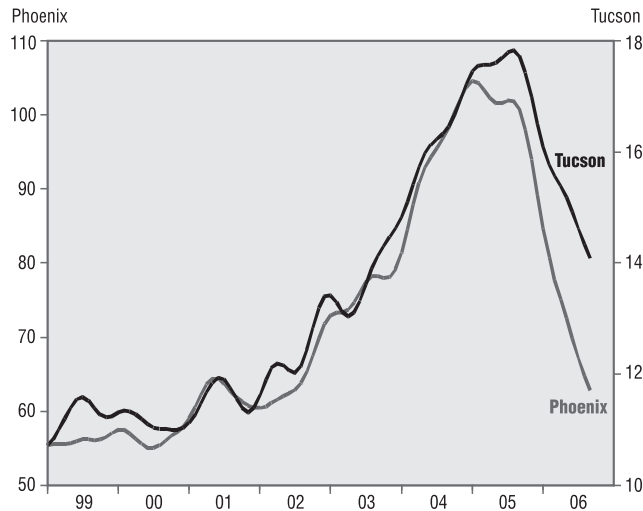
As in any down market, a psychological adjustment to a better balance between fear and greed is necessary. During the recent boom phase, there was no fear. Buyers stood in line to get their name on a lottery list to buy a home and complained if they weren't one of the lucky ones! (They won't let me buy a home!) Homeowners sold

their existing home and used the equity to buy a half dozen others using highly leveraged financing. Investors (including short-term speculators, aka "flippers") accounted for nearly a third of all residential transactions in Arizona markets. Realtors became order takers. Multiple full-price-plus offers were commonplace. During the frenzy, housing became seriously overbought with prices inflated well beyond economic fundamentals. No fear. All greed.

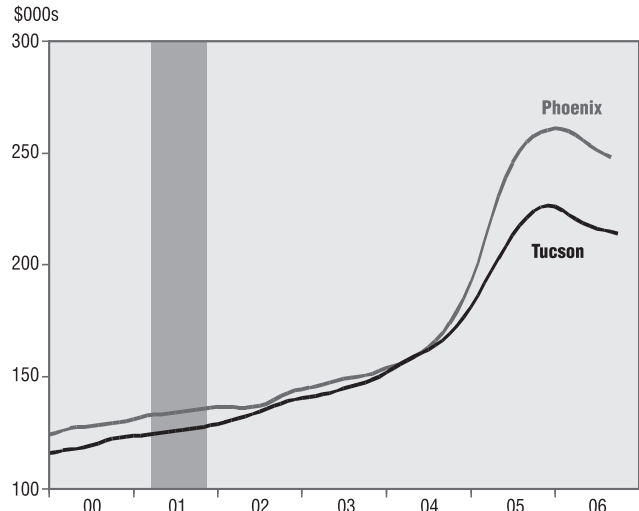
Then investors left, sensing that the easy money had been made. Within a few months, market psychology had done an about face. Fear was rediscovered and markets are still trying to rediscover the right balance. So where are we now in the "correction"?

EXHIBIT 7 | Resale Market Activity Dives

*Existing Home Sales (MLS)
000s (seasonally adjusted annual rate)*

**EXHIBIT 8 | A Modest Giveback in Prices**

*Median Price of Homes Sold (MLS)
(seasonally adjusted, smoothed)*



Every housing down-cycle has three phases. The first is denial, wherein sellers refuse to budge and hold on in hopes that they eventually will get their price. Buyers believe that prices will fall and therefore have no motivation to buy. It's as if buyers read the newspapers but sellers do not. During this phase, inventories of resale homes soar as the market virtually ceases to function.

The second phase is acceptance. Owners of resale homes capitulate and lower their prices or simply move to the sidelines and decide to stay put. Unable to sell their existing homes, they cancel the contract on the new home they hoped to move into. Home builders aren't in the business to hold spec properties so they move quickly to

reduce swelling inventories through price reductions, free upgrades, cars, vacations, and other promotions that effectively reduce the price. This in turn reinforces downward pressure on prices in resale markets. During this phase, prices fall for both new and resale homes. Buyers feel vindicated and remain on the sidelines.

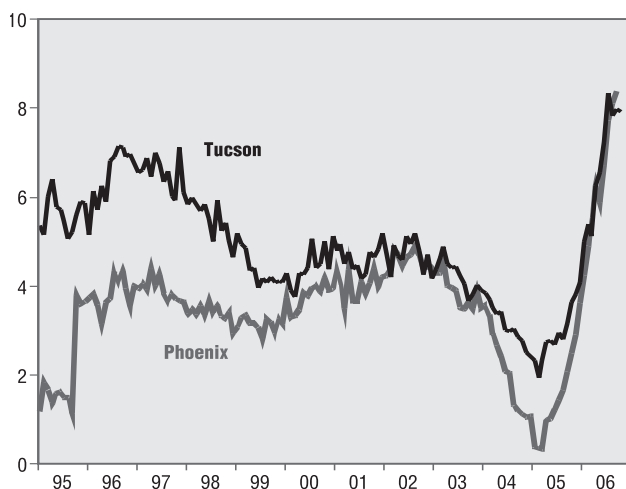
The third stage is consolidation. Finally, inflated price expectations are wrung out of the market and prices once again reflect economic fundamentals. Prices start to reflect the value of houses as shelter rather than as an investment. Buyers return to the market, inventories fall and prices stabilize. The market thereby returns to "normal" and the stage is finally set for a new expansion phase.

Arizona's housing markets are about half-way through this process. Prices are declining but inventories are still rising and are at the highest levels in at least a decade. At current sales rates, there is an eight-month supply of homes for sale.

We expect prices to continue declining through most of 2007 and for inventories to be drawn down to a more normal 4-5 months by year end. Housing prices nationwide are expected to decline between 2-4% during 2007, the first decline since the Great Depression. In Arizona, a decline of 10% or more is possible, given that prices nearly doubled during the past five years. Construction of new homes will remain subdued until inventories return to normal.

EXHIBIT 9 | Inventories Have Soared to Record High

*Months Supply of Housing
(MLS listing to sales ratio)*

**EXHIBIT 10 | Expect Below Trend Growth**

*Nonfarm Employment, Arizona
(alternative scenarios)*

**The Outlook: Slower Growth but No Recession**

2006 will go into the record books as the second biggest year for growth during the current expansion, nearly matching the explosion in 2005. The fifth year of this expansion, 2007, will see a moderation of growth to below trend. Nonfarm employment will grow by 2.4% in 2007, compared to the average of 3.3% over the past decade. Between 60,000 and 65,000 jobs will be created statewide.

Downside risks to the outlook are four-fold. The housing downturn could turn into a free fall with prices plunging 10-15% or more nationwide. Widespread loan defaults and shrinkage in support industries could be enough to sink the overall economy. Second, the economy remains quite vulnerable to another energy shock (oil prices surging above \$100 per barrel) or terrorist event on US soil. Third, inflation could be much worse and that would force the Fed to raise interest rates even further rather than lowering them next year as widely expected. Finally, a crash in the dollar brought on by a sudden reversal of foreigners' willingness to buy US debt could cause longer term interest rates to soar. These events could lead to a consumer-led recession similar in length and duration as the last two recessions.

These fears are enough to keep business leader confidence in the cautionary zone for some time.

Review of Past Forecasting Accuracy

Assessing last year's accuracy is always a challenge since most of the actuals are "best guesses" based on partial-year figures. For example, only nine months of data are available for retail sales when this publication goes to press. For personal income and population, which are reported with significant lag, actuals for the most recent two to three years are preliminary estimates.

In addition to the lag in reporting, some measures are subject to substantial revision. Employment estimates are a prime example. Here, preliminary estimates will be revised at least twice before the "final" actuals are known. During the past decade, preliminary job growth, statewide, has subsequently been revised upward by as much as two-and-a-half percentage points and downward by as much as 0.7%. During the past twenty-four years,

upward revisions outnumber downward by nineteen to five (see accompanying graph on following page). We're expecting small upward revisions to the 2006 preliminary employment estimates, which we expect to show growth of 4.8% after the data is revised. Last year at this time, we projected an increase of 4.4% (see table). Therefore, our error is only 0.4%, a third of the average error. Over the past ten years, forecast errors for employment growth have averaged 1.4%.

Our forecasts for 2006 were again very good. We predicted one year ago another strong year and reality exceeded our expectations. All forecasts were realized with only small errors in magnitude. Growth in personal income was within 0.4%, and population growth was off by only 0.1%. (Average errors over the past ten years are, 1.0% and 0.9%, respectively). The forecast for retail

sales was too low by 2.1% (compared to an average error of 3.0%), job growth was 0.4% too low (compared to a 1.3% average error). Real estate markets (which can be quite volatile and hard to predict) finally topped out and declined more than what we expected.

Forecast errors for both metro areas were within historical norms.

Our forecasts continue to be a reliable guide, due at least in part to our process, which incorporates input gathered each quarter from our stable of thoroughbred sponsors. We continue to work hard to provide the most comprehensive and accurate forecasts available anywhere for Arizona and the Phoenix and Tucson metro areas.

The editors of the Arizona Blue Chip newsletter have recognized our forecasts as the best among Arizona forecasters three times, the most recent being our forecasts for 2002. ■

Accuracy of 2006 Forecast *(percentage change 2006 versus 2005)*

	Arizona		Phoenix-Mesa		Tucson	
	Forecast	Actual	Forecast	Actual	Forecast	Actual
Personal Income	9.4	9.8	8.7	10.4	8.8	8.6
Wages Per Employee	4.6	6.6	4.7	6.5	4.4	5.0
Retail Sales	6.4	8.5	6.4	8.4	5.3	7.5
Population	3.3	3.4	3.4	3.7	2.7	3.0
Building Permits	-7.0	-23.0	-12.0	-30.4	-4.9	-24.5
Non Farm Employment	4.4	4.8	4.3	4.6	3.7	3.9
Private	4.7	5.3	4.5	5.1	4.2	4.6
Government	3.2	2.1	3.2	1.6	1.7	1.1

Forecasts were prepared in December of 2005.

TABLE 1
Selected Economic
Indicators
TUCSON Metro Area

	2004	2005	2006	2007	2008
INCOME					
Personal Income (\$mill)	24,697.5	26,154.4	28,393.5	30,287.8	32,067.7
% change	7.6	5.9	8.6	6.7	5.9
Per capita Personal Income (\$)	26,504	27,312	28,774	29,933	30,973
% change	5.2	3.0	5.4	4.0	3.5
SALES (\$millions)					
Retail Sales (current dollars)	9,902.3	10,984.9	11,815.9	12,265.5	12,774.1
% change	7.4	10.9	7.6	3.8	4.1
Food Sales	1,332.9	1,500.3	1,574.4	1,660.1	1,727.6
% change	6.1	12.6	4.9	5.4	4.1
Retail Sales less Food	6,659.3	7,271.0	7,815.8	8,111.3	8,436.8
% change	6.2	9.2	7.5	3.8	4.0
Restaurant and Bar Sales	1,152.3	1,295.3	1,423.8	1,502.7	1,586.6
% change	11.2	12.4	9.9	5.5	5.6
Gasoline Sales	757.9	918.2	1,001.8	991.4	1,023.1
% change	15.4	21.2	9.1	-1.0	3.2
EMPLOYMENT (000s)					
Non Farm Employment	360.1	365.0	379.1	387.8	393.1
% change	3.4	1.4	3.9	2.3	1.4
Mining	1.3	1.4	1.5	1.5	1.5
% change	9.8	8.9	4.7	2.6	-0.7
Construction	24.0	25.7	26.8	25.4	23.6
% change	4.8	7.2	4.3	-5.4	-7.0
Manufacturing	28.4	28.2	29.3	29.9	30.3
% change	-1.0	-0.6	3.7	2.2	1.1
Trade, Transportation & Utilities	57.9	59.0	61.0	62.2	63.6
% change	5.2	1.9	3.4	2.1	2.2
Information	7.6	7.1	7.6	7.1	7.2
% change	0.1	-5.6	6.0	-5.8	1.2
Professional & Business Services	43.4	45.5	48.0	51.2	52.3
% change	5.3	4.9	5.3	6.7	2.1
Leisure & Hospitality	39.1	39.4	41.8	42.7	44.1
% change	5.2	0.8	6.0	2.1	3.3
Government	79.9	77.4	78.2	79.2	80.3
% change	1.6	-3.2	1.1	1.3	1.4
OTHER INDICATORS					
Population (000s)	931.8	957.6	986.8	1,011.9	1,035.3
% change	2.3	2.8	3.0	2.5	2.3
Residential Permits (units)	10,410	11,913	8,989	8,092	9,272
% change	25.3	14.4	-24.5	-10.0	14.6
Single family	9,198	10,713	7,859	6,827	7,910
% change	17.5	16.5	-26.6	-13.1	15.9
Multi-family	1,212	1,200	1,130	1,266	1,362
% change	150.9	-1.0	-5.9	12.0	7.6
Gasoline Sales (mill of gals)	384.5	394.0	379.3	394.1	408.8
% change	0.0	2.5	-3.7	3.9	3.7
Unleaded Gasoline Price, PHX (\$)	2.0	2.3	2.6	2.5	2.5
% change	15.4	18.2	13.3	-4.7	-0.5
Aggregate Earnings Rate	36,913	38,327	40,260	41,753	43,238
% change	4.3	3.8	5.0	3.7	3.6

	2004	2005	2006	2007	2008
INCOME					
Personal Income (\$mill)	115,604.2	125,931.7	139,010.5	148,445.5	158,288.7
% change	8.7	8.9	10.4	6.8	6.6
Per capita Personal Income (\$)	30,786	32,330	34,422	35,653	36,875
% change	4.4	5.0	6.5	3.6	3.4
SALES (\$millions)					
Retail Sales (current dollars)	45,371.5	52,025.1	56,585.2	59,148.4	62,224.3
% change	10.0	14.7	8.8	4.5	5.2
Food Sales	5,808.2	6,608.0	7,244.7	7,645.2	8,012.5
% change	7.9	13.8	9.6	5.5	4.8
Retail Sales less Food	31,007.8	35,557.9	38,560.2	40,506.4	42,637.1
% change	9.5	14.7	8.4	5.0	5.3
Restaurant and Bar Sales	5,300.9	5,969.2	6,468.4	6,934.2	7,410.5
% change	9.8	12.6	8.4	7.2	6.9
Gasoline Sales	3,254.7	3,890.0	4,312.0	4,062.5	4,164.2
% change	20.3	19.5	10.8	-5.8	2.5
EMPLOYMENT (000s)					
Non Farm Employment	1,683.7	1,788.0	1,870.9	1,918.8	1,963.2
% change	3.9	6.2	4.6	2.6	2.3
Mining	2.1	2.1	2.5	2.5	2.4
% change	4.2	4.0	14.6	0.4	-0.6
Construction	141.6	163.0	171.8	156.3	152.7
% change	9.5	15.1	5.4	-9.0	-2.3
Manufacturing	131.9	135.7	138.9	139.2	138.2
% change	0.8	2.9	2.3	0.3	-0.7
Trade, Transportation & Utilities	340.6	366.4	381.4	391.8	402.9
% change	3.6	7.6	4.1	2.7	2.8
Information	34.6	33.0	34.2	35.0	35.6
% change	-7.3	-4.7	3.8	2.2	1.6
Professional & Business Services	273.8	296.9	316.5	336.9	345.5
% change	5.9	8.4	6.6	6.4	2.6
Leisure & Hospitality	161.9	169.7	178.4	183.1	189.9
% change	3.7	4.8	5.1	2.6	3.7
Government	220.8	225.5	229.0	233.9	239.0
% change	2.0	2.1	1.6	2.2	2.2
OTHER INDICATORS					
Population (000s)	3,755.1	3,895.2	4,038.4	4,163.6	4,292.6
% change	4.0	3.7	3.7	3.1	3.1
Residential Permits (units)	65,259	62,617	43,610	38,539	42,205
% change	19.0	-4.0	-30.4	-11.6	9.5
Single family	57,360	54,313	35,282	32,385	35,700
% change	21.3	-5.3	-35.0	-8.2	10.2
Multi-family	7,899	8,304	8,328	6,154	6,505
% change	4.3	5.1	0.3	-26.1	5.7
Gasoline Sales (mill of gals)	1,651.2	1,669.2	1,717.0	1,785.1	1,840.0
% change	4.2	1.1	2.9	4.0	3.1
Unleaded Gasoline Price, PHX (\$)	2.0	2.3	2.5	2.3	2.3
% change	15.4	18.2	7.8	-9.4	-0.6
Aggregate Earnings Rate	44,137	45,669	48,649	50,376	52,239
% change	5.6	3.5	6.5	3.6	3.7

TABLE 2

**Selected
Economic Indicators**
PHOENIX-MESA Metro Area

TABLE 3
Selected
Economic Indicators
ARIZONA

	2004	2005	2006	2007	2008
INCOME					
Personal Income (\$mill)	164,413.0	179,114.0	196,741.5	209,681.2	223,046.0
% change	9.0	8.9	9.8	6.6	6.4
Per capita Personal Income (\$)	28,128	29,630	31,465	32,477	33,568
% change	5.2	5.3	6.2	3.2	3.4
SALES (\$millions)					
Retail Sales (current dollars)	65,928.5	74,818.0	81,267.6	84,902.2	88,866.9
% change	9.6	13.5	8.6	4.5	4.7
Food Sales	8,725.6	9,728.9	10,758.0	11,448.9	11,943.1
% change	7.7	11.5	10.6	6.4	4.3
Retail Sales less Food	44,455.6	50,415.4	54,711.9	57,350.7	59,978.6
% change	8.8	13.4	8.5	4.8	4.6
Restaurant and Bar Sales	7,587.0	8,517.6	9,257.1	9,894.9	10,585.8
% change	9.7	12.3	8.7	6.9	7.0
Gasoline Sales	5,373.9	6,396.2	6,809.6	6,487.9	6,652.2
% change	20.8	19.0	6.5	-4.7	2.5
EMPLOYMENT (000s)					
Non Farm Employment	2,381.1	2,503.2	2,623.3	2,686.3	2,749.3
% change	3.7	5.1	4.8	2.4	2.3
Mining	8.3	8.7	9.7	10.6	10.7
% change	3.6	4.6	11.1	9.8	0.4
Construction	191.7	218.4	239.7	228.3	225.7
% change	8.8	13.9	9.8	-4.8	-1.1
Manufacturing	177.1	181.5	183.7	184.4	182.2
% change	1.0	2.5	1.2	0.4	-1.2
Trade, Transportation & Utilities	462.7	488.2	513.9	526.1	538.1
% change	3.7	5.5	5.3	2.4	2.3
Information	46.9	45.1	46.0	46.6	48.2
% change	-5.5	-3.8	2.0	1.4	3.3
Professional & Business Services	338.6	366.3	391.7	407.4	417.9
% change	5.7	8.2	6.9	4.0	2.6
Leisure & Hospitality	241.7	252.2	261.8	269.8	279.9
% change	3.7	4.3	3.8	3.1	3.8
Government	399.3	403.3	411.7	421.3	429.6
% change	1.5	1.0	2.1	2.3	2.0
OTHER INDICATORS					
Population (000s)	5,845.3	6,045.0	6,252.7	6,456.4	6,644.6
% change	3.6	3.4	3.4	3.3	2.9
Unemployment Rate, percent	5.0	4.7	4.4	4.7	4.7
Residential Permits (units)	85,726	85,835	66,062	57,005	62,635
% change	21.5	0.1	-23.0	-13.7	9.9
Single family	76,385	75,181	55,078	48,667	53,535
% change	22.0	-1.6	-26.7	-11.6	10.0
Multi-family	9,341	10,654	10,985	8,338	9,100
% change	18.1	14.1	3.1	-24.1	9.1
Gasoline Sales (mill of gals)	2,725.1	2,746.9	2,714.5	2,848.0	2,935.9
% change	4.5	0.8	-1.2	4.9	3.1
Civilian Nonag Wage Rate	38,134	39,838	42,454	43,917	45,419
% change	4.4	4.5	6.6	3.4	3.4